



**TESTIMONY OF  
DARLENE STROMSTAD, PRESIDENT & CEO, WATERBURY HOSPITAL**

**SUBMITTED TO THE  
FINANCE, REVENUE, AND BONDING COMMITTEE  
Thursday, March 13, 2014**

***SB 368, An Act Phasing Out The Hospitals Tax***

Waterbury Hospital appreciates the opportunity to submit testimony supporting *SB 368, An Act Phasing Out The Hospitals Tax*. To demonstrate why this proposed legislation is important, we'd like to share with you how the hospital tax and cuts to the state's Medicaid budget, along with cuts in federal reimbursement and the impact of healthcare reform, are affecting Waterbury Hospital, our employees, our patients, and the community we serve.

There are probably some people who firmly believe that all Connecticut hospitals are doing very well financially, increasing revenue and enjoying a healthy bottom line. And maybe some are. But that is not the truth for Waterbury Hospital which is taking care of some of the state's most at-risk individuals. Over the last 32 months, we have worked very hard to reduce our expenses to achieve financial stability - \$6 million in FY2011, \$10 million in FY2012, and \$14 million in FY2013. That totals \$30 million in expense reductions to address Medicaid budget cuts, the imposition of a state tax on hospitals, and decreases in Medicare funding. We have eliminated more than 200 jobs in a community with one of the highest unemployment rates in the state. We have deferred investments in capital and technology, we have scaled back programs and services, and there's simply no more room to scale back.

These tough decisions did, in fact, result in a positive bottom line in FY 2012—the first one in nearly a decade. Unfortunately, this was short lived, and we ended FY2013 with a loss of \$2.3 million—in spite of making a mid-year adjustment and reducing our workforce by 100 jobs to address the impact of Medicaid cuts and the surviving hospital tax. And, for the first three months of FY2014, we have a combined loss of \$2.7 million, and are projecting to end this year again in the red.

Every day at Waterbury Hospital, we are mindful of our promise to our patients—to keep them at the center of everything we do. Our staff works hard not to be distracted by our financial situation or other external forces that are significantly changing the healthcare landscape. We are proud of the care we provide and were delighted by the recent announcement that Waterbury Hospital is the only hospital in Connecticut—and one of 260 hospitals nationwide—to receive the 2014 Distinguished Hospital Award for Clinical Excellence™ from the nationally recognized Healthgrades. The distinction places Waterbury Hospital in the top 5% of more than 4,500 hospitals nationwide for our clinical performance.

In addition to the Distinguished Hospital Award for Clinical Excellence, Waterbury Hospital was named one of Healthgrades America's 100 Best Hospitals for Critical Care in 2014. This is the second year in a row that Waterbury Hospital has received Healthgrades Critical Care Excellence Award.

These are major achievements given how challenging it is to operate a hospital, like Waterbury, that serves as a safety net for our community. Let's not forget that this isn't simply about dollars and cents. This is about the people who live here. Now they've been given a promise of improved access to healthcare through the Affordable Care Act, and it's up to us – all of us - to ensure that there are hospitals and healthcare systems there to care for them. I cannot change the economy of Waterbury but, with your support, I can ensure that our most vulnerable citizens have a place to turn to for care – for psychiatric assistance, preventive care, or trauma care. They are just as deserving as folks living elsewhere.

In 2010, the state budget was balanced by imposing a hospital tax that wasn't supposed to hurt hospitals or patient care. But, clearly, that hasn't been the case for Waterbury Hospital. The monthly tax for Waterbury Hospital is \$690,645, which totals more than \$8.2 million each year. This hospital tax has contributed to our deteriorating financial condition, and will continue to do so.

Support for SB 368 would be one step toward creating a better, more viable future for Waterbury Hospital as well as all Connecticut hospitals.

On behalf of the patients and communities we serve, and the 2,000 employees at Waterbury Hospital, thank you for your consideration of our position.